

BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA
DOCKET NO. 2009-226-E - ORDER NO. 2011-77
JANUARY 25, 2011

IN RE: Application of Duke Energy Carolinas, LLC)	ORDER RULING ON
for Authority to Adjust and Increase Its)	OVER COLLECTION IN
Electric Rates and Charges)	COAL INVENTORY
)	RIDER

This matter comes before the Public Service Commission of South Carolina ("Commission") on a review of the Coal Inventory Rider ("Rider"), established in Order No. 2010-79 for Duke Energy Carolinas ("Duke" or "the Company"). On September 14, 2010, Duke filed a letter discussing the status of the Rider, first noting that it is an interim rider set up to defray the carrying costs of fuel-stock inventory. The Coal Inventory Rider automatically expires when coal inventories reach a full-burn 40-day supply on a sustained basis or on April 30, 2011, whichever occurs first. The Settlement Agreement in this Docket, attached to Order No. 2010-79 as Order Exhibit No. 1, defines a sustained basis as three consecutive months of total coal inventory of 42 days or below. The amount collected under the rider is based on estimated monthly coal inventory levels, and the rider is subject to true-up to reflect actual monthly coal inventory levels.

Duke informed this Commission on September 14, 2010, that during September, it expected that the coal inventories would reach a full-burn 40 day supply on a sustained basis, causing the rider to expire automatically on October 1, 2010. According to Duke,

the coal inventory returned to normal levels more quickly than originally projected due to the summer of 2010's hot weather and the Company's efforts to renegotiate contracts. The Company determined in September 2010, that it over collected, but that it would only be able to determine the final amount subsequent to October 1, 2010.

On December 9, 2010, the Company stated that it had calculated the total amount of the over collection under the Rider to be \$1,277,565. Duke stated that this cumulative total amount represents the sum of the difference between the Rider dollars collected in rates each month and the carrying cost allowed for the inventory level in excess of a 40-day supply each month. Further, Duke proposed that it be allowed to return the over collected funds to customers via its fuel rider to be established in the 2011 annual fuel hearing, and stated that the Office of Regulatory Staff agreed with the proposal.

We have examined the proposal and approve it. We think that this is a reasonable methodology that can be used to return the over collection to the Company's customers. However, we would note that the Company's last fuel hearing was held on August 31, 2010, which set new fuel rates beginning with the first billing cycle of October 2010, and continuing through September 2011. Therefore, at the time of the fuel hearing in 2011, the parties shall address whether any carrying charges should be added to the outstanding balance of the over collected amount, since it will have been a number of months before the funds are returned to ratepayers.

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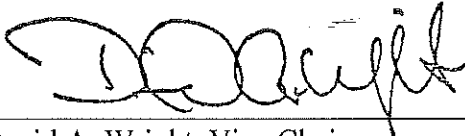
This Order shall remain in full force and effect until further order of the Commission.

BY ORDER OF THE COMMISSION:



John E. Howard, Chairman

ATTEST:



David A. Wright, Vice Chairman

(SEAL)